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SUBJECT: ROKG ON CHINA: U.S. ALLIANCE IS VITAL

Classified By: Classified By: POL M/C Joseph Yun. Reasons 1.4(b/d)

¶1. (C) Summary: In a round of August 18 meetings on the state of ROK-PRC relations, Ministry of Foreign Affairs and Trade (MOFAT) officials, the Korea Institute for Defense Analyses (KIDA), the Korea Research Institute for Strategy (KRIS), and academics told poloffs that 1) the U.S.-ROK alliance is the pillar of the ROK's foreign policy and vital to ROK security, 2) closer ROK-PRC ties are inevitable, but 3) ROK-U.S. and ROK-PRC relations are not a zero sum game. End Summary.

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Importance of U.S.-ROK Alliance  
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¶2. (SBU) The Embassy's interlocutors, without exception, emphasized the centrality and importance of the ROK-U.S. alliance to Korea's foreign policy and its security. A theme consistent throughout the discussions was that Korea's independence and economic vitality depend on the U.S. security umbrella and America's success in assuring regional stability. What Koreans see as the U.S. motivation for engagement in the region, i.e., commitment to democracy and market economy ideals, are values that Koreans share deeply. Because of these shared values and the benefits the U.S. provides, Korea has no substitute for the U.S.-ROK alliance.

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Closer ROK-PRC Ties  
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¶3. (SBU) At the same time, due to history, geography, cultural affinities, and China's rise as a regional power, Korea has no choice but to develop closer ties to China. China's rise and the deepening ROK-PRC ties are challenges for Korea to manage. Korea and China have a centuries-long history which on the surface has usually been "brotherly" but in reality "threatening" if not "repressive." Korea's strategic imperative, our interlocutors said, is to steer ROK-PRC relations in a mutually beneficial direction which preserves Korea's security and prosperity.

¶4. (U) Since establishing diplomatic ties with China in 1992, the ROK-PRC relationship has undergone tremendous development.

-- China is the ROK's biggest trading partner and the ROK is China's third biggest trading partner. Total bilateral trade last year totaled \$145 billion and is growing at an annual rate of 20%. The ROK's annual bilateral trade with the U.S. and Japan combined is approximately \$165 billion.

-- China is Korea's most popular tourist destination. Last

year 5 million Koreans visited China and 1 million Chinese traveled to Korea.

-- Korean students comprise the largest number of foreign students in China, totaling more than a third of all foreign students.

-- Between Korea and thirty Chinese cities, there are on average 113 flights per day.

15. (U) PRC President Hu Jintao is visiting Korea August 25-26. It will be the third meeting since May between Hu and President Lee. MOFAT officials said the frequency of meetings is unprecedented in the history of ROK-PRC relations and symbolizes the increasingly closer ties between the two countries. Lee paid an official visit to Beijing in May and met Hu again when Lee was in Beijing for the Olympics. It will be Hu's second state visit to Seoul, the first being in 2005 during the Roh Moo-hyun administration. In the past, the ROK could expect only one visit in a PRC president's ten-year term.

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Northeast Asia Regional Issues  
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16. (C) MOFAT Director General of the Northeast Asian Affairs Bureau Cho Taiyoung sees an ROK-Japan-China trilateral framework as being a helpful vehicle for strengthening cooperation between the three countries and ensuring stability in the region. This group has met since 1997 on the margins of the ASEAN summit. This year the three leaders had agreed to meet separately in Tokyo, but, because of the ROK-Japan dispute over Dokdo (Liancourt Rocks), the ROK has not decided whether it will participate.

17. (SBU) Asked what Korea's likely response would be in the event China exercised its military option against Taiwan, all of our interlocutors expressed a strong hope that Korea would never be put in the position of having to refuse a U.S. request for assistance in Taiwan. The risk of alienating China is so great that Koreans would strongly resist supporting the U.S. against China over Taiwan.

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ROK-PRC Economic Challenges  
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18. (SBU) The Chinese market is a big opportunity for Korean businesses. But, as Chinese products move up the value chain, competition with China will also increase. Already, Korea is dealing with the problem of technology transfers to China. China is of the opinion that if it buys a controlling stake in a Korean company that it has the right to transfer the technology to China; Korea disagrees. Nonetheless, Korea's position, according to MOFAT officials, remains that gains in the Chinese market still outweigh the potential losses in the form of technology transfers.

19. (C) A ROK-PRC FTA is unlikely in the foreseeable future according to MOFAT Director General Cho due to seemingly insurmountable differences over agricultural issues and popular opinion in China that would oppose a deal with Korea.

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North Korea  
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110. (C) It is in the ROK's interest for China (and Japan) to invest in North Korea because any investment made now in North Korea will only lessen the ROK's burden in the event of reunification, Cho told poloffs. With regard to reunification, however, he noted that China's stated policy is not unconditional. China's policy is that reunification must be peaceful, gradual, and free from outside interference. China's response to a reunification scenario that is not peaceful or gradual is an open question.

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China's Military Build-up  
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¶11. (C) By 2020, the ROK projects that China will have developed capabilities to project power 1,000 miles from its coasts, threatening the ROK, Japan, and Southeast Asia. The goals of China's defense build-up, according to KIDA analysts, are to deny access to the Chinese mainland, develop capabilities to project power, and deploy a missile defense system. The current level of China's capabilities is sufficient to cover contingencies in Taiwan, which is the immediate focus of China's planning.

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Comment  
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¶12. (C) Similar to other East Asian countries, Korea has yet to come to grips with the rise of China. Of course, what makes the Korean situation different are the ROK's security ties with the United States and the fact that the ROK and the U.S. faced off the DPRK and the PRC in the 1950-1953 Korean War. Still, Beijing and Seoul have a cooperative arrangement that has worked well, especially on the economic side, and, more recently, on denuclearizing North Korea. Historically, the Koreans are completely used to living in China's shadow. Things are, however, different now. Koreans have a much more prosperous economy and freer society. Therefore, just beneath the surface of Korea's excitement at the opportunities afforded by closer ROK-PRC ties is a real anxiety about the political, economic, and military threats China poses to Korea. Because of these threats, as Korea forges closer ties to China, ties that in many ways are historically much deeper than its ties to the U.S., the U.S.-ROK alliance becomes more important to the ROK's long-term strategic plans.

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